INNERGEX

Renewable Energy.
Sustainable Development.

QUARTERLY REPORT 2012

FOR THE PERIOD ENDING MARCH 31, 2012

These condensed financial statements have neither been audited nor reviewed by the Corporation's external auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

The following is a discussion of the financial position, operating results and cash flows of Innergex Renewable Energy Inc. ("Innergex" or the "Corporation") for the three-month period ended March 31, 2012. This Management's Discussion and Analysis ("MD&A") reflects all material events up to May 14, 2012, the date on which this MD&A was approved by the Corporation's Board of Directors. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes for the three-month period ended March 31, 2012, and with the 2011 Annual Report of Innergex. Additional information relating to Innergex, including its Annual Information Form, can be found on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or on the Corporation's website at www.innergex.com.

The unaudited condensed consolidated financial statements contained in this MD&A and the accompanying notes for the three-month period ended March 31, 2012, along with the 2011 comparative figures, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Some amounts included in this MD&A have been rounded to make reading easier, which may affect some calculations.

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ESTABLISHMENT AND MAINTENANCE OF DC&P AND ICFR

The President and Chief Executive Officer and the Chief Financial Officer and Senior Vice President of the Corporation have designed, or caused to be designed, under their supervision:

- Disclosure controls and procedures ("DC&P") to provide reasonable assurance that: (i) material information relating to the Corporation is accumulated and communicated by others to the President and Chief Executive Officer and the Chief Financial Officer and Senior Vice President, in a timely manner, particularly during the period in which the interim and annual filings are being prepared; and (ii) the information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

- Internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS applicable to the Corporation.

In accordance with *Regulation 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*, the President and Chief Executive Officer and the Chief Financial Officer and Senior Vice President of the Corporation have certified that there were no material weaknesses relating to the DC&P and ICFR for the three-month period ended March 31, 2012. They have limited the scope of the Corporation's design of DC&P and ICFR to exclude the controls, policies and procedures of Cloudworks Energy Inc. ("Cloudworks"). The design and evaluation of the operating effectiveness of Cloudworks' DC&P and ICFR will be completed by the end of next quarter. Cloudworks' summary consolidated unaudited financial information is presented in the "Acquisition of Cloudworks Energy Inc." section of this MD&A. During the three-month period ended March 31, 2012, there was no change to the ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR other than the following. During the quarter, the Corporation has automated its consolidation process in order to reduce the likelihood of human errors.

FORWARD-LOOKING INFORMATION

In order to inform shareholders of the Corporation as well as potential investors in the Corporation's future prospects, sections of this MD&A may contain forward-looking information within the meaning of securities legislation ("Forward-Looking Information"). Forward-Looking Information can generally be identified by the use of words and phrases such as "may," "will," "estimate," "anticipate," "plans," "expects," or "does not expect," "is expected," "budget," "scheduled," "forecasts," "intends" or "believes," or variations of such words and phrases that state that certain events will occur. Forward-Looking Information represent, as of the date of this MD&A, the estimates, forecasts, projections, expectations or opinions of the Corporation relating to future events or results. Forward-Looking Information involve known and unknown risks, uncertainties and other important factors which may cause the actual results or performance to be materially different from those expressed, implied, or presented by the Forward-Looking Information. The material risks and uncertainties that may cause the actual results and developments to be materially different from the current expressed expectations are referred to in this MD&A under the "Risks and Uncertainties" heading and include the ability of the Corporation to execute its strategy; the ability to access sufficient capital resources; liquidity risks related to derivative financial instruments; changes in hydrology, wind and solar regime; delays in construction and design; health, safety and environmental risks; uncertainty relating to development of new facilities; obtainment of permits; variability of project performance and related penalties; equipment failure; interest rate fluctuation and refinancing risk; financial leverage and restrictive covenants governing current and future indebtedness; declaration of dividends at the discretion of the board; securing new power purchase agreements; the ability to retain senior management and key employees; litigation; performance of major counterparties; relationship with stakeholders; wind turbine supply; changes to regulatory and political factors; the ability to secure appropriate land; reliance on power performance agreements; reliance upon transmission systems; water rental expense; assessment of wind resources and associated wind energy production; dam safety; natural disasters and force majeure; foreign exchange fluctuations; insurance limits; potential undisclosed liabilities associated with the acquisition of Cloudworks; limited representations and warranties and indemnities in the agreement with the shareholders of Cloudworks, failure to realize the anticipated benefits of the acquisition of Cloudworks; failure on shared transmission and interconnection infrastructure and introduction to solar photovoltaic power facility operation. Although the Corporation believes that the expectations instigated by the Forward-Looking Information are based on reasonable and valid assumptions, there is a risk that the Forward-Looking Information may be incorrect. The reader of this MD&A is cautioned not to rely unduly on these Forward-Looking Information. Forward-Looking Information, expressed verbally or in writing by the Corporation or by a person acting on its behalf, are expressly qualified by this cautionary statement. The Forward-Looking Information contained herein are made as of the date of this MD&A and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless required by legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(in thousands of Canadian dollars, except as noted, and amounts per share)

OVERVIEW

General

The Corporation is a developer, owner and operator of renewable power-generating facilities. The Corporation's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol INE. The Corporation has been active in the Canadian renewable power industry since 1990, with a focus on hydroelectric, wind power and solar photovoltaic ("PV") projects that benefit from low operating and management costs and simple proven technologies. The Corporation is rated BBB- by Standard and Poor's Rating Services ("S&P") and BBB (low) by DBRS Limited ("DBRS").

Portfolio of Assets

As at the date of this MD&A, the Corporation owns interests in three groups of power-generating projects:

- 25 facilities that are in commercial operation (the "Operating Facilities"). Commissioned between November 1994 and November 2011, the facilities have a weighted average age of approximately 6.3 years. They sell the generated power under long-term Power Purchase Agreements ("PPA") that have a weighted average remaining life of 19.7 years;

- 10 projects for which PPAs have been secured and which are either under construction or scheduled to begin commercial operation on planned dates (the "Development Projects"). Construction is ongoing at four of the projects and is expected to begin on the remaining six projects between 2013 and 2014. The projects are expected to reach the commercial operation stage between 2012 and 2016; and

- numerous projects that have secured certain land rights, for which an investigative permit application has been filed or for which a proposal has either been submitted under a Request for Proposal ("RFP") or could be submitted under a Standing Offer Program ("SOP") or Feed-In Tariff Program ("FIT Program") (collectively the "Prospective Projects"). These projects are at various stages of development.

The following chart diagrams the Corporation's direct and indirect interests in the Operating Facilities, Development Projects and Prospective Projects.

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	Operating Facilities	Development Projects	Prospective Projects
Hydro			
Gross capacity:	368.3 MW	238.5 MW	993.8 MW
Net capacity[1]:	279.1 MW	175.9 MW	928.0 MW
Wind			
Gross capacity:	478.5 MW	135.6 MW	1923.9 MW
Net capacity[1]:	1818 MW	54.5 MW	1856.9 MW
Solar			
Gross capacity:	-	33.2 MW	59.0 MW
Net capacity[1]:	-	33.2 MW	59.0 MW
Total			
Gross capacity:	846.8 MW	407.3 MW	2976.7 MW
Net capacity[1]:	460.9 MW	263.6 MW	2843.9 MW

1. Net capacity represents the proportional share of the total capacity attributable to Innergex, based on its ownership interest in these facilities and projects. The remaining capacity is attributable to the strategic partners' ownership share.

(in thousands of Canadian dollars, except as noted, and amounts per share)

BUSINESS STRATEGY

The Corporation's strategy for building shareholder value is to develop or acquire high-quality renewable power production facilities generating sustainable cash flows and providing a high return on invested capital, and to distribute a stable dividend.

Annual Dividend Policy

The Corporation intends to distribute an annual dividend of $0.58 per common share payable quarterly. Its dividend policy is based on the long-term cash flow generating capacities of its Operating Facilities. Innergex's investments in the Development Projects and Prospective Projects are financed through excess cash flows and a combination of additional indebtedness and equity.

Key Performance Indicators

The Corporation measures its performance using key performance indicators that include or could include: power generated in megawatt-hours ("MWh") and gigawatt-hours ("GWh"); and EBITDA, defined as earnings before interest, provision for income taxes, depreciation and amortization and other items. These indicators are not recognized measures under IFRS and therefore may not be comparable with those presented by other issuers. The Corporation believes that these indicators are important since they provide management and the reader with additional information about its production and cash generation capabilities and facilitate the comparison of results over different periods.

Seasonality

The amount of energy generated by the Operating Facilities is generally dependent on the availability of water flows and wind regimes. Lower-than-expected water flows or wind regimes in any given year could have an impact on the Corporation's revenues and hence on its profitability. Innergex owns interests in 20 hydroelectric facilities, which draw on 17 watersheds, and five wind farms, providing significant diversification in terms of operating revenue sources. Furthermore, given the nature of hydroelectric and wind farm production, seasonal variations are partially offset, as illustrated in the following table:

	LTA[1] (GWh and %) - Net Interest [2]								
Energy	Q1		Q2		Q3		Q4		Total
HYDRO	230.1	14%	583.3	37%	449.1	28%	333.1	21%	1,595.5
WIND	172.7	32%	116.0	21%	90.9	17%	167.4	31%	546.9
Total	402.8	19%	699.3	33%	540.0	25%	500.5	23%	2,142.4

1. Long-term average.
2. Net interest adjusted in accordance with revenue recognition accounting rules under IFRS.

QUARTERLY UPDATE

Highlights

For the three-month periods ended March 31	2012	2011
Power generated (MWh)	327,508	240,180
Operating revenues	28,757	20,816
EBITDA	18,883	14,724
Net earnings	7,805	5,730
Dividends declared on Series A Preferred Shares	1,063	1,063
Dividends declared on common shares	11,786	8,632
Dividends declared on common shares ($ per share)	0.145	0.145

In the first quarter of 2012, the increases in the power generated, operating revenues, EBITDA, which is detailed in the Operating Results table, and net earnings were due mainly to the addition of the six run-of-river hydroelectric facilities obtained through the acquisition of Cloudworks ("Harrison Operating Facilities") and the Montagne Sèche and Gros-Morne Phase I wind farms, to the existing 17 Operating Facilities. The impact of the new facilities was partly offset by lower-than-anticipated water flows at the British Columbia hydroelectric facilities.

The increase in net earnings is attributable mainly to an unrealized net gain on derivative financial instruments. When excluding the unrealized net gain on derivative financial instruments of $21.0 million ($9.5 million in 2011) and the related deferred income tax provision of $5.5 million ($2.6 million in 2011), the net loss for the first quarter of 2012 would have been $7.7 million ($1.3 million in 2011), as a result of higher finance costs and depreciation and amortization expenses related to the acquisition of Cloudworks.

(in thousands of Canadian dollars, except as noted, and amounts per share)

SIGNIFICANT EVENT IMPACTING INNERGEX' RESULTS IN THE FIRST QUARTER OF 2012 COMPARED WITH THE FIRST QUARTER OF 2011

Acquisition of Cloudworks Energy Inc.

On April 4, 2011, Innergex announced that it had finalized the acquisition of all the issued and outstanding shares of Cloudworks Energy Inc. (the "Cloudworks Acquisition"). At the time, Cloudworks' portfolio of assets consisted of a 50.01% interest in the Harrison Operating Facilities with a combined gross installed capacity of 150 MW; full ownership of 75.6 MW of run-of-river hydroelectric projects under development with 40-year PPA; and full ownership of run-of-river hydroelectric projects in various stages of development and with a potential aggregate installed capacity of over 800 MW. As at April 4, 2011, Cloudworks' assets had increased the Corporation's installed capacity by 23% (from 326 MW to 401 MW) and Innergex's weighted average remaining PPA term from approximately 21 to 25 years (including the related Development Projects).

The consideration paid under the share purchase agreement was $191 million, which was financed with a $166 million public share issuance and a $39 million private placement of common shares.

For more information about the Cloudworks Acquisition, please refer to the "Short Form Prospectus" dated February 25, 2011 (the "Prospectus"), which is available on Innergex's website at www.innergex.com and on the SEDAR website at www.sedar.com.

In accordance with IFRS, the results for the quarter ended March 31, 2012, include Cloudworks' contribution. Cloudworks' summary unaudited financial information included in the Corporation's unaudited condensed consolidated financial statements as at March 31, 2012, is as follows:

Cloudworks' summary consolidated statement of earnings and comprehensive income

For the three-month period ending	March 31, 2012
Operating revenues	5,160
Operating expenses	1,465
General and administrative expenses	349
Prospective projects expenses	325
EBITDA	3,021
Finance costs	5,782
Other net revenues	(151)
Depreciation and amortization	4,605
Unrealized net gain on derivative financial instruments	(1,370)
Provision for income taxes	(899)
Net loss and comprehensive loss	(4,946)
Net loss and comprehensive loss attributable to:	
Owners of the parent	(1,834)
Non-controlling interests	(3,112)
	(4,946)

(in thousands of Canadian dollars, except as noted, and amounts per share)

Cloudworks' summary consolidated statement of financial position

	March 31, 2012
Current assets	52,243
Reserve accounts	29,573
Other long-term assets	771,390
Total assets	853,206
Current liabilities	15,275
Long-term liabilities	566,404
Total liabilities	581,679
Equity attributable to owners of the parent	158,314
Non-controlling interests	113,213
Shareholders' equity	271,527
	853,206

Cloudworks' summary consolidated statement of cash flows

For the three-month period ending	March 31, 2012
Cash flows used by operating activities	(1,653)
Cash flows used by financing activities	(1,917)
Cash flows from investing activities	43,217
Net increase in cash and cash equivalents	39,647

DEVELOPMENT PROJECTS

The Corporation currently has 10 projects that are expected to reach the commercial operation stage between 2012 and 2016.

PROJECTS UNDER CONSTRUCTION

Project name and location	Ownership	Gross installed capacity	Expected COD[1]	Gross estimated LTA	PPA term	Total project costs		Expected year-one	
						Estimated	As at Mar. 31, 2012 ($M)	Revenues	EBITDA
	%	(MW)		(GWh)	(years)	($M)		($M)	($M)
HYDRO (British Columbia)									
Kwoiek Creek	50.0	49.9	Q4 2013	215.0	40	153.2	41.3	18.2	14.8
Northwest Stave River	100.0	17.5	Q4 2013	61.9	40	91.4	25.2	7.4	5.9
WIND (Québec)									
Gros-Morne II	38.0	111.0	Q4 2012	341.1	20	68.0 [2,3]	11.9 [3]	9.2 [3]	8.1 [3]
SOLAR (Ontario)									
Stardale	100.0	33.2MW_{DC}	Q2 2012	39.0	20	141.7	116.6	16.4	15.0

1. Commercial operation date.
2 See the "Project cost and revenue adjustments of Gros-Morne II" paragraph below for details.
3. Corresponding to the Corporation's 38% interest in this project.

HYDRO

Kwoiek Creek

The construction of this hydroelectric facility began in the last quarter of 2011. During the first quarter of 2012, powerhouse bulk excavation was completed and transmission line construction and penstock bulk excavation were ongoing. Current activities also include designing the intake and building the powerhouse foundation.

Northwest Stave River

The construction of this hydroelectric facility began in the last quarter of 2011. As planned, construction activities were halted for the winter period and resumed in mid-April 2012. Current activities include powerhouse and penstock excavation.

(in thousands of Canadian dollars, except as noted, and amounts per share)

WIND

Gros-Morne Phase II

The construction of the Gros-Morne Phase II wind farm ("Gros-Morne II") began in the second quarter of 2010. At the end of 2011, all the foundations had been completed, all the roads had been built and the substation had been energized. As planned, construction activities were halted for the winter period and resumed during the second week of May 2012. Innergex expects Gros-Morne II to be completed by December 1, 2012.

Project cost and revenue adjustments of Gros-Morne II

In the above table, the 2004 original estimated project costs, revenues and EBITDA will be revised to be adjusted for the indices included in the turbine supply agreement and the PPA. For the turbine supply agreement, these indices include the Canadian and U.S. consumer price index, the USD/CAD exchange rate, and a Canadian steel index. However, the Gros-Morne II PPA provides for a corresponding adjustment to the selling price received from Hydro-Québec, based on similar indices. These adjustment mechanisms allow the Corporation to protect the economic value of this wind farm. The total project costs as at March 31, 2012, are reported using current dollars. Of these total project costs, wind turbine costs represent approximately 65%. Furthermore, 90% of the price of wind turbines is payable after COD. Therefore, a significant portion of the wind farm's total estimated accrued project costs will be payable following COD.

SOLAR

Stardale

The construction of the Stardale solar PV project ("Stardale") began in November 2010. As at March 31, 2012, the PV modules had been installed on rackings and preparation for commissioning activities was under way. The Corporation expects Stardale to be in operation by the end of May 2012.

PROJECTS UNDER PERMIT PHASE

Project name and location	Ownership %	Gross installed capacity (MW)	Expected COD	Gross estimated LTA (GWh)	PPA term (years)	Total project costs: Estimated ($M)	Total project costs: As at Mar. 31, 2012 ($M)
HYDRO (British Columbia)							
Boulder Creek	66.7	23.0	2015	85.7	40	84.2	0.3
Tretheway Creek	100.0	21.2	2015	81.9	40	91.5	13.8
North Creek	66.7	16.0	2016	59.7	40	72.0	0.2
Upper Lillooet	66.7	74.0	2016	270.2	40	264.2	6.6
Big Silver-Shovel Creek	100.0	36.9	2016	147.1	40	165.4	26.2
WIND (Québec)							
Viger-Denonville	50.0	24.6	2013	67.6	20	36.6 [1]	0.9 [1]

1. Corresponding to the Corporation's 50% interest in this project.

HYDRO

Boulder Creek, North Creek, Upper Lillooet, Tretheway Creek and Big Silver-Shovel Creek

Current activities include hydrometric monitoring, environmental studies, consultation with the various stakeholders, applications for obtaining the relevant permits and preliminary engineering. The Corporation expects to start all projects construction in 2013, except for North Creek construction, which is expected to start in 2014.

WIND

Viger-Denonville

Current activities include environmental studies, consultation with the various stakeholders and applications for obtaining the relevant permits. As at the date of this MD&A, the project had received a favourable final decision from the Commission de protection du territoire agricole.

PROSPECTIVE PROJECTS

All the Prospective Projects, with a combined potential net installed capacity of 2,844 MW (gross 2,977 MW), are in the preliminary development stage. Some Prospective Projects are targeted towards specific future RFPs, SOPs or FIT Programs while others will be available for future RFPs yet to be announced. There is no certainty that any Prospective Project will be realized.

(in thousands of Canadian dollars, except as noted, and amounts per share)

In March 2012, the Ontario government released its FIT Program review report which includes lower prices, streamlined processes, increased land restrictions, and greater community and Aboriginal participation. The Corporation believes most of the projects already submitted under the FIT Program remain viable.

Additional information about the Corporation's facilities and projects can be found in the Corporation's Annual Information Form for the year ended December 31, 2011, which is filed at www.sedar.com.

OPERATING RESULTS

The Corporation's operating results for the three-month period ended March 31, 2012, are compared with the operating results for the same period in 2011.

Electricity Production

When evaluating its operating results, the Corporation compares actual electricity generation with a long-term average for each hydroelectric facility and wind farm. These long-term averages are determined carefully and prudently to allow long-term forecasting of the expected generation for each of the Corporation's facilities.

For the three-month periods ended March 31	2012				2011			
	Production (MWh)	LTA (MWh)	Production as a % of LTA	Average price[1] ($/MWh)	Production (MWh)	LTA (MWh)	Production as a % of LTA	Average price[1] ($/MWh)
HYDRO								
Québec	67,205	63,317	106%	103.38	69,765	63,317	110%	100.49
Ontario	32,520	33,204	98%	77.73	32,564	33,204	98%	77.36
British Columbia	75,170	126,267	60%	93.02	28,466	41,241	69%	72.65
United States	7,638	7,927	96%	55.72	6,333	7,927	80%	57.16
Subtotal	182,533	230,715	79%	91.85	137,128	145,689	94%	86.26
WIND								
Québec	144,975	172,731	84%	83.02	103,052	111,967	92%	87.21
Total	327,508	403,446	81%	87.94	240,180	257,656	93%	86.67

1. Including all payment adjustments linked to month, day and hour of delivery; environmental attributes and ecoENERGY Initiative as applicable.

The Corporation's facilities produced 328 GWh in the first quarter of 2012, 19% less than the LTA of 403 GWh. This production level is due mainly to low water flows at all British Columbia facilities. Although corrective work was performed at the Fitzsimmons Creek facility during this period, poor hydrologic conditions related to cold weather lowered production. Wind conditions lower than the LTA negatively affected production at the L'Anse-à-Valleau, Carleton and Montagne Sèche wind farms. In addition, converters damaged in December 2011, after a load rejection event, required that repairs be carried out at the Gros-Morne Phase I wind farm ("Gros-Morne I") during the first half of the quarter; production resumed on February 12, 2012, allowing the facility to reach 49% of its LTA. For the most part, the Quebec hydroelectric facilities performed above their LTA. The Ontario and United States hydroelectric facilities all reached at least 95% of their LTA, except the Umbata Falls facility that reached 92% of its LTA.

The overall performance of the Corporation's facilities for the three-month period ended March 31, 2012, demonstrates the benefits of geographic diversification and the complementarity of hydroelectric and wind power generation.

(in thousands of Canadian dollars, except as noted, and amounts per share)

Financial results

For the three-month periods ended March 31	2012	2011
Operating revenues	28,757	20,816
Operating expenses	5,724	3,787
General and administrative expenses	3,067	1,998
Prospective projects expenses	1,083	307
EBITDA	18,883	14,724
Finance costs	14,244	6,728
Transaction costs	-	1,111
Gain on contingent considerations	(358)	-
Other net revenues	(243)	(162)
Depreciation and amortization	15,050	9,265
Unrealized net gain on derivative financial instruments	(21,006)	(9,534)
Unrealized net gain on foreign exchange	-	(41)
Income tax expenses	3,391	1,627
Net earnings	7,805	5,730
Net earnings (loss) attributable to:		
Owners of the parent	8,923	5,975
Non-controlling interests	(1,118)	(245)
	7,805	5,730

Revenues
For the three-month period ended March 31, 2012, the Corporation recorded operating revenues of $28.8 million ($20.8 million in 2011). This increase is due mainly to additional revenues resulting from the Cloudworks Acquisition ($5.2 million) and from the Montagne Sèche and Gros-Morne I wind farms ($2.9 million).

Expenses
Operating expenses consist primarily of the operators' salaries, water rights, royalties, insurance premiums, property taxes, maintenance and repairs.

In the first quarter of 2012, the Corporation incurred $5.7 million in operating expenses related to the operation of the power-producing facilities ($3.8 million in 2011). This increase was expected and is due mainly to the Cloudworks Acquisition ($1.5 million) and the Montagne Sèche and Gros-Morne I wind farms ($0.4 million), which resulted in the Corporation operating a greater number of facilities in 2012 than in 2011.

General and administrative expenses totalled $3.1 million for the three-month period ended March 31, 2012 ($2.0 million in 2011). This increase is due mainly to the Cloudworks Acquisition.

Prospective projects expenses include the costs incurred for the development of Prospective Projects. Prospective projects expenses totalled $1.1 million for the three-month period ended March 31, 2012 ($0.3 million in 2011).

Finance Costs
Finance costs include interest on long-term debt and convertible debentures, compensation interest, amortization of financing fees, amortization of the revaluation of long-term debt and convertible debentures, accretion expense on asset retirement obligations and accretion expense on contingent considerations.

For the three-month period ended March 31, 2012, finance costs totalled $14.2 million ($6.7 million in 2011). This difference is due mainly to the increase in finance costs on the long-term debt resulting from the Cloudworks Acquisition ($5.8 million) and drawings on the revolving credit term facility greater than at the same date in 2011. The revolving credit term facility is mainly used to finance the construction of Gros-Morne II and to temporarily finance the construction of Kwoiek Creek and Northwest Stave River projects until a permanent project financing is put in place.

As at March 31, 2012, 87% of the Corporation's outstanding debt, including convertible debentures, was fixed or hedged against interest rate movements (100% as at March 31, 2011). The difference is due to drawings on the revolving credit term facility greater than at the same date in 2011 and to drawings on the Stardale construction loan whose interest will be hedged by a swap effective September 2012. These items were partly offset by a swap hedging the Fitzsimmons Creek term loan that became effective in January 2012.

(in thousands of Canadian dollars, except as noted, and amounts per share)

The effective all-in interest rate on the Corporation's debt and convertible debentures was 5.85% as at March 31, 2012 (6.05% as at March 31, 2011). The decrease stems from a reduction in fixed interest rates on swap contracts that took effect in the fourth quarter of 2011, better conditions of the revolving credit term facility following its refinancing in the third quarter of 2011 and lower interest rates related to debts that are not hedged by swap contracts. These are partly offset by the bonds taken in charge as part of the Cloudworks Acquisition. Please see the "Derivative Financial Instruments and Risk Management" section for more information.

Transaction Costs
Transaction costs include the costs incurred for acquisitions.

For the three-month period ended March 31, 2011, transaction costs of $1.1 million were related to the Cloudworks Acquisition and the acquisition of Stardale. No transactions costs were recorded for the corresponding period in 2012.

Depreciation and Amortization
For the three-month period ended March 31, 2012, depreciation and amortization expenses totalled $15.1 million ($9.3 million in 2011). The increase is attributable mainly to the greater asset base resulting from the Cloudworks Acquisition and the Montagne Sèche and Gros-Morne I wind farms.

Derivative Financial Instruments
The Corporation uses derivative financial instruments to manage its exposure to the risk of rising interest rates on its debt financing ("Derivatives"), thereby protecting the economic value of its projects. Innergex also has derivative financial instruments embedded in some of its PPAs. The Corporation does not use hedge accounting for its derivative financial instruments nor does it own or issue financial instruments for speculative purposes.

Since several Derivatives are entered into for a term equal in length to the underlying debt amortization schedule, which can reach 30 years, a Derivative's fair market value can be very sensitive to day-to-day variations in long-term interest rates. The Corporation recorded a $21.0 million unrealized net gain on derivative financial instruments for the three-month period ended March 31, 2012, due mainly to the increase in benchmark interest rates since the end of 2011. For the corresponding quarter of 2011, Innergex recorded an unrealized net gain on derivative financial instruments of $9.5 million due to the increase in benchmark interest rates since December 31, 2010.

Provision for Income Taxes
For the three-month period ended March 31, 2012, the Corporation recorded current income tax provisions of $0.5 million (recoveries of $1.1 million in 2011), and deferred income tax provisions of $2.9 million ($2.7 million in 2011).

Net Earnings (Loss)
For the three-month period ended March 31, 2012, the Corporation recorded net earnings of $7.8 million (basic and diluted net earnings of $0.10 per share). For the corresponding period of 2011, Innergex recorded net earnings of $5.7 million (basic and diluted net earnings of $0.08 per share). The following two tables outline the main items that contributed to this increase in net earnings:

Item - Positive impact	Variation	Explanation
EBITDA	4.2	Primarily due to the Cloudworks Acquisition, Montagne Sèche and Gros-Morne I .
Transaction costs	(1.1)	No acquisition in the first quarter of 2012.
Unrealized net gain on the derivative financial instruments	11.5	Primarily due to the increase in benchmark interest rates since the end of 2011.

Item - Negative impact	Variation	Explanation
Finance costs	7.5	Primarily due to the Cloudworks Acquisition.
Depreciation and amortization	5.8	Primarily due to the Cloudworks Acquisition.
Provision for income taxes	1.8	Due mainly to the above elements.

(in thousands of Canadian dollars, except as noted, and amounts per share)

The basic and diluted per-share figures for the three-month period ended March 31, 2012, are respectively based on a weighted average number of 81,282,460 and 81,432,823 common shares outstanding. 1,034,000 stock options were non-dilutive during the periods concerned, as the average market price of the Corporation's common share was below the strike price. The other 1,643,444 stock options were dilutive as the average market price of the Corporation's common share was above the strike price. Convertible debentures were non-dilutive, as the average market price of the Corporation's common share was below the conversion price. A total of 7,558,684 common shares could potentially be issued on conversion of the convertible debentures.

For the corresponding period ended March 31, 2011, the basic and diluted per-share figures were respectively based on a weighted average number of 59,532,606 and 59,604,321 common shares outstanding. 1,034,000 stock options were non-dilutive during the period concerned, as the average market price of the Corporation's common share was below the strike price. 808,024 stock options were dilutive, as the average market price of the Corporation's common share was above the strike price. Convertible debentures were also non-dilutive, as the average market price of the Corporation's common share was below the conversion price.

As at March 31, 2012, the Corporation had a total of 81,282,460 common shares, 80,500 convertible debentures, 3,400,000 Series A Preferred Shares and 2,677,444 stock options outstanding. As at March 31, 2011, it had 59,532,606 common shares, 80,500 convertible debentures, 3,400,000 Series A Preferred Shares, 17,750,000 subscription receipts and 1,842,024 stock options outstanding.

Non-controlling Interests

For the three-month period ended March 31, 2012, the Corporation allocated a $1.1 million loss to non-controlling interests (loss of $0.2 million in 2011). These non-controlling interests are related mostly to the Harrison Operating Facilities, the Fitzsimmons Creek Operating Facility and the Kwoiek Creek Development Project.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities

For the three-month period ended March 31, 2012, cash flows generated by operating activities totalled $9.6 million ($12.6 million in 2011). This difference is due primarily to an $8.3 million increase in interest paid, partly offset by a $4.2 million increase in EBITDA and a $1.1 million decrease in transaction costs. The variation in non-cash working capital items stems mainly from the negative impact of an increase in accounts receivable and prepaid and others, due mainly to the receivables for the reimbursement of the Gros-Morne I and II substation, compared with a decrease for the same period in 2011 ($8.3 million) and a greater decrease in accounts payable and accrued liabilities ($9.6 million) due to greater unpaid transactions.

Cash Flows from Financing Activities

For the three-month period ended March 31, 2012, cash flows generated by financing activities totalled $24.2 million ($10.7 million used in 2011). This results mainly from a $37.4 million net long-term debt increase ($0.6 million net repayment in 2011), partly offset by the $12.8 million paid in dividends to preferred and common shareholders ($10.1 million in 2011).

Use of Financing Proceeds

For the three-month periods ended March 31	2012	2011
Proceeds from issuance of long-term debt	55,130	13,000
Additions to property, plant and equipment	(49,699)	(6,013)
Additions to intangible assets	(335)	(25)
Additions to project developments costs	(695)	(2,150)
Additions to other long-term assets	(47)	(3,746)
Payment of deferred financing costs	(264)	(51)
Repayment of long-term debt	(17,776)	(13,614)
Use of financing proceeds	(68,816)	(25,599)
Reduction of working capital	(13,686)	(12,599)

During the three-month period ended March 31, 2012, the Corporation borrowed $55.1 million and used $13.7 million of its working capital to pay for the construction of Stardale and the construction of the Kwoiek Creek project and to repay Glen Miller long-term debt. During the corresponding period of 2011, the Corporation borrowed $13.0 million and used its working capital mainly for additions to property, plant and equipment and for additions to project development costs and to other long-term assets and to repay long-term debts.

(in thousands of Canadian dollars, except as noted, and amounts per share)

Cash Flows from Investing Activities
For the three-month period ended March 31, 2012, cash flows used by investing activities amounted to $4.6 million ($10.4 million in 2011). During this period, additions to property, plant and equipment accounted for a $49.7 million outflow ($6.0 million in 2011), additions to project development costs for a $0.7 million outflow ($2.2 million 2011), additions to intangible assets and other long-term assets for a combined $0.4 million outflow ($3.8 million in 2011), partly offset by a decrease in restricted cash and short-term investments for a $44.7 million inflow (nil in 2011) and net funds withdrawn from the reserves for a $1.5 million inflow (net inflow of $1.6 million in 2011).

Cash and Cash Equivalents
For the three-month period ended March 31, 2012, the Corporation generated $29.2 million in cash and cash equivalents (use of $8.5 million in 2011) as a net result of its operating, financing and investing activities.

As at March 31, 2012, the Corporation had cash and cash equivalents amounting to $64.5 million ($33.6 million as at March 31, 2011).

DIVIDENDS

For the three-month periods ended March 31	2012	2011
Dividends declared on Series A Preferred Shares	1,063	1,063
Dividends declared on common shares	11,786	8,632
Dividends declared on common shares ($ per share)	0.145	0.145

Dividends to Preferred Shareholders
On May 14, 2012, the Corporation declared a dividend of $0.3125 per Series A Preferred Share payable on July 16, 2012, to Series A preferred shareholders of record at the close of business on June 29, 2012.

Dividends to Common Shareholders
On May 14, 2012, the Corporation declared a dividend of $0.1450 per common share payable on July 16, 2012, to common shareholders of record at the close of business on June 29, 2012.

FINANCIAL POSITION

Assets
As at March 31, 2012, the Corporation had $2,014 million in total assets ($2,033 million as at December 31, 2011). This decrease is due primarily to the following:

- a net decrease in cash and cash equivalents and restricted cash and short-term investments from $88.7 million to $73.2 million due mainly to dividend payment;
- intangible assets decreased from $441.3 million to $436.2 million due mainly to amortization;
- deferred tax assets decreased from $24.5 million to $7.9 million due to an internal reorganization which resulted in a reclassification to deferred tax liabilities; and
- other long-term assets decreased from $18.0 million to $3.5 million due mainly to receivables for the reimbursement of the Gros-Morne I and II substation, which are expected to be received within one year.

These were partly offset by:

- an increase in accounts receivable from $36.9 million to $42.5 million, as explained in the "Working Capital" section below; and
- an increase in property, plant and equipment from $1,260 million to $1,285 million due mainly to Development Projects under construction.

Working Capital
As at March 31, 2012, working capital was positive at $45.6 million with a working capital ratio of 1.59:1.00. As at December 31, 2011, working capital was positive at $50.1 million with a working capital ratio of 1.60:1.00. The variation in the working capital ratio over the preceding quarter is due mainly to a net decrease in cash and cash equivalents and restricted cash and short-term investments.

In view of these ratios, the Corporation considers its current level of working capital to be sufficient to meet its needs. The Corporation can also use its $350.0 million revolving credit term facility if necessary. As at March 31, 2012, US$13.9 million and $195.8 million of this credit facility had been drawn as cash advances and $26.2 million had been used for issuing letters of credit.

(in thousands of Canadian dollars, except as noted, and amounts per share)

As part of the Cloudworks Acquisition, the Corporation maintained restricted cash and short-term investments which amounted to $53.4 million as at December 31, 2011. In the first quarter of 2012, the distribution conditions related to the Harrison Operating Facilities long-term debt were met and $40.0 million of this amount was released.

Accounts receivable increased from $36.9 million as at December 31, 2011, to $42.5 million as at March 31, 2012. The increase stems mainly from Hydro-Québec receivables for the reimbursement of the Gros-Morne I and II substation.

Accounts payable and accrued liabilities decreased from $26.6 million as at December 31, 2011, to $23.6 million as at March 31, 2012. The decrease stems mainly from interest payable related to the debt assumed upon the Cloudworks Acquisition.

Derivative financial instruments included in current liabilities decreased from $20.3 million as at December 31, 2011, to $17.2 million as at March 31, 2012 due mainly to the increase in benchmark interest rates since the end of 2011.

The current portion of long-term debt relates to the payments due on the credit facilities of some Operating Facilities and bonds.

Reserve Accounts

	March 31, 2012	December 31, 2011
Hydrology/wind power reserve	37,625	39,045
Major maintenance reserve	3,045	3,109
Total	40,670	42,154

The Corporation holds two types of reserve accounts designed to help ensure its stability:

i) The Hydrology/wind power reserve is established at the start of commercial operations at a facility to compensate for the variability of cash flows related to fluctuations in hydrology or wind regime and other unpredictable events. The amounts in this reserve are expected to vary from quarter to quarter according to the seasonality of cash flows.

ii) The Major maintenance reserve is established in order to prefund any major plant repairs that may be required to maintain the Corporation's generating capacity.

The availability of funds in the Hydrology/wind power and Major maintenance reserve accounts may be restricted by credit agreements and trust indentures.

Property, Plant and Equipment
Property, plant and equipment are comprised mainly of hydroelectric facilities, wind farms and solar projects that are either in operation or under construction. They are recorded at cost less accumulated depreciation and accumulated impairment losses. They are depreciated using the straight-line method over the lesser of (i) the period for which the Corporation owns the rights to the assets or (ii) a period of 15 to 75 years for hydroelectric facilities or 15 to 25 years for wind and solar farm facilities. The Corporation had $1,285 million in property, plant and equipment as at March 31, 2012, compared with $1,260 million as at December 31, 2011. This increase stems mainly from the construction of the Kwoiek Creek, Northwest Stave River and Stardale projects, partly offset by depreciation.

Intangible Assets
Intangible assets consist of various PPAs, permits and licences. They also include the extended warranty for the L'Anse-à-Valleau, Carleton, Montagne Sèche and Gros-Morne I wind farm turbines. The Corporation reported $436.2 million in intangible assets as at March 31, 2012, a decrease from the $441.3 million reported as at December 31, 2011. This decrease stems from amortization. Intangible assets, excluding $4.5 million related to the wind farms' extended warranty, are amortized using the straight-line method over 11- to 40-year periods that commence when the related project is commissioned or acquired. The wind farms' extended warranty is amortized using the straight-line method over the three-year extended warranty period.

Project Development Costs
Project development costs are the costs to acquire and develop Development Projects and to acquire Prospective Projects. Depending on their nature, these costs are transferred either to property, plant and equipment or to intangible assets once the project reaches the construction phase. As at March 31, 2012, the Corporation had $98.8 million in project development costs ($98.0 million as at December 31, 2011). This increase is due to the Development Projects in permit phase.

Goodwill
The Corporation had $8.3 million in goodwill as at March 31, 2012 (idem as at December 31, 2011). Goodwill is tested for impairment annually, or more frequently when there is indication that it may be impaired. No impairment was recognized for the three-month period ended March 31, 2012.

Accrual for Acquisition of Long-Term Assets
Accrual for acquisition of long-term assets consists of long-term debt commitments that have been secured and will be drawn on to finance the Corporation's projects currently under construction or for which construction has been completed but costs remained to be paid. As at March 31, 2012, the Corporation had $24.3 million in accrual for acquisition of long-term assets ($41.3 million as at December 31, 2011). This decrease stems mainly from drawings under the Stardale construction loan and from payments made for Montagne Sèche and Gros-Morne I.

Long-Term Debt
As at March 31, 2012, long-term debt totalled $1,087 million ($1,050 million as at December 31, 2011). The increase in long-term debt results mainly from drawings under the Stardale construction loan and net drawings under the revolving credit term facility, partly offset by the repayment of the $13.5 million Glen Miller term loan and by scheduled long-term debt repayments of $4.3 million.

If they are not met, certain financial and non-financial covenants included in the credit agreements, trust indentures or PPAs entered into by various subsidiaries of the Corporation could limit the capacity of these subsidiaries to transfer funds to the Corporation. These restrictions could have a negative impact on the Corporation's ability to meet its obligations. Since the beginning of the 2012 fiscal year, the Corporation and its subsidiaries have met all the financial and non-financial conditions related to their credit agreements, trust indentures and PPAs.

Convertible Debentures
There were no material changes during the first quarter of 2012.

Preferred Shares
There were no material changes during the first quarter of 2012.

Derivative Financial Instruments and Risk Management
The Corporation uses derivative financial instruments to manage its exposure to the risk of increasing interest rates on its debt financing. While Derivatives are entered into with major financial institutions rated BBB or better by S&P, the current European economic situation may affect some of the Corporation's counterparties. The Corporation nevertheless considers the risk of illiquidity to be low, as current interest rate swap valuation results in amounts being treated as Innergex liabilities owed to the counterparties.

For a long-term debt subject to variable interest rates, Innergex will use bond forward contracts and interest rate swaps to protect the economic return of the related Operating Facility or Development Project. The Corporation does not intend to settle its Derivatives before maturity. The Corporation does not own or issue any Derivatives for speculation purposes. The Corporation does not use hedge accounting to account for its Derivatives.

Taken together, the bond forward and swap contracts allow the Corporation to eliminate the risk of interest rate increases in actual and planned long-term debt ($420.9 million and $239.5 million respectively). As at March 31, 2012, interest rate swaps related to outstanding debts combined with the $522.1 million in existing fixed-rate debts and the $79.5 million in convertible debentures mean that 87% of outstanding debts are protected from interest rate increases. Derivatives were also executed for Stardale and for planned long-term debt for the Kwoiek Creek and Northwest Stave River projects.

Derivatives had a net negative value of $70.0 million at March 31, 2012 (negative $91.4 million at December 31, 2011). This favourable difference is due to the increase in benchmark interest rates since the end of 2011.

Some interest rate swaps have imbedded early termination options that are exercisable only on their underlying debt's maturity date. The triggering of these options could pose a liquidity risk. Should the early termination option be triggered, a presumed realized loss would be offset by the savings realized on future interest expenses, as a negative swap value would be the result of an environment in which interest rates were lower than the rate embedded in the swap.

The Corporation has recorded Derivatives using an estimated credit-adjusted mark-to-market valuation that is determined by increasing the swap-based discount rates used to calculate the estimated mark-to-market valuation by an estimated credit spread for the relevant term and counterparty for each Derivative. In the case of Derivatives that Innergex accounts for as assets (i.e. Derivatives for which the counterparties owe Innergex), the credit spread for the bank counterparty was added to the swap-based discount rate to determine the estimated credit-adjusted value whereas, in the case of Derivatives accounted for as liabilities (i.e. Derivatives for which Innergex owes the counterparties), Innergex's credit spread was added to the swap-based discount rate. The estimated credit-adjusted values of the Derivatives are subject to changes in credit spreads of Innergex and its counterparties.

As at March 31, 2012, the fair market value of the derivative financial instruments related to some PPAs with Hydro-Québec was positive at $9.6 million ($10.0 million as at December 31, 2011). These instruments represent the value attributed to minimum inflation clauses of 3% per year included in these PPAs.

Deferred Income Taxes

The tax impact of temporary differences may result in future tax assets or liabilities. As at March 31, 2012, the Corporation's net deferred tax liability was $118.9 million, compared with a net deferred tax liability of $116.0 million as at December 31, 2011. This increase resulted mainly from the first quarter of 2012's earnings.

Off-Balance-Sheet Arrangements

As at March 31, 2012, the Corporation had issued letters of credit totalling $32.8 million to meet its obligations under its various PPAs and other agreements. Of this amount, $26.2 million was issued under its revolving credit term facility and the remainder under the projects' non-recourse credit facilities. As at that date, Innergex had also issued a total of $31.2 million in corporate guarantees to support the construction of the Montagne Sèche and Gros-Morne I and II wind farms and some bond forward contracts.

Shareholders' Equity

As at March 31, 2012, the shareholders' equity of the Corporation totalled $574.2 million, including $113.3 million of non-controlling interests, compared with $579.1 million, including $114.4 million of non-controlling interests as at December 31, 2011. The decrease in total shareholders' equity stems mainly from the dividends declared, partly offset by net earnings.

Contractual Obligations

There were no material changes during the first quarter of 2012.

Contingencies

There were no material changes during the first quarter of 2012.

SEGMENT INFORMATION

Geographic Segments

As at March 31, 2012, the Corporation had 19 hydroelectric facilities and five wind farms in Canada and one hydroelectric facility in the United States. For the three-month period ended March 31, 2012, operating revenues generated by the Horseshoe Bend hydroelectric facility located in the United States totalled $0.4 million (idem in 2011), representing contributions of 1.5% (1.7% in 2011) to the Corporation's consolidated operating revenues for these periods.

Reportable Segments

As at March 31, 2012, the Corporation had three reportable segments: hydroelectric generation; wind power generation; and site development.

Through its hydroelectric generation and wind power generation segments, the Corporation sells electricity produced by its hydroelectric and wind farm facilities to publicly owned utilities. Through its site development segment, Innergex analyses potential sites and develops hydroelectric, wind farm and solar farm facilities up to the commissioning stage.

The accounting policies for these segments are the same as those described in the "Significant Accounting Policies" section of the Corporation's audited consolidated financial statements for the year ended December 31, 2011. The Corporation evaluates performance based on EBITDA and accounts for inter-segment and management sales at cost. Any transfers of assets from the site development segment to the hydroelectric or wind power generation segments are accounted for at cost.

The operations of the Corporation's reportable segments are conducted by different teams, as each segment has different skill requirements.

(in thousands of Canadian dollars, except as noted, and amounts per share)

	Hydroelectric Generation	Wind Power	Site Development	Total
For the three-month period ended March 31, 2012				
Power generated (MWh)	182,533	144,975	-	327,508
Operating revenues	16,723	12,034	-	28,757
Expenses:				
Operating expenses	3,785	1,939	-	5,724
General and administrative expenses	1,381	796	890	3,067
Prospective projects expenses	-	-	1,083	1,083
Earnings (loss) before interest, income taxes, depreciation and amortization and other items	11,557	9,299	(1,973)	18,883
For the three-month period ended March 31, 2011				
Power generated (MWh)	137,128	103,052	-	240,180
Operating revenues	11,828	8,988	-	20,816
Expenses:				
Operating expenses	2,381	1,406	-	3,787
General and administrative expenses	846	534	618	1,998
Prospective projects expenses	-	-	307	307
Earnings (loss) before interest, income taxes, depreciation and amortization and other items	8,601	7,048	(925)	14,724
As at March 31, 2012				
Goodwill	8,269	-	-	8,269
Total assets	1,255,271	370,018	388,442	2,013,731
Total liabilities	766,090	307,192	366,264	1,439,546
Acquisition of property, plant and equipment since the beginning of the year	17	2,643	32,332	34,992
As at December 31, 2011				
Goodwill	8,269	-	-	8,269
Total assets	1,307,949	386,343	339,117	2,033,409
Total liabilities	814,435	349,831	290,027	1,454,293
Acquisition of property, plant and equipment during the year	1,305	484	192,396	194,185

Hydroelectric Generation Segment

For the three-month periods ended March 31, 2012 and March 31, 2011, the hydroelectric generation segment produced 21% and 6% less power than the LTA respectively, resulting in operating revenues of $16.7 million and $11.8 million respectively. For both periods, the production level is due mainly to lower-than-anticipated water flows at the segment’s British Columbia facilities. The difference in operating revenues stems mainly from the Harrison Operating Facilities which generated $5.2 million for the first quarter of 2012, compared with none for the corresponding period in 2011, as the Cloudworks Acquisition was finalized on April 4, 2011.

The decrease in total assets since December 31, 2011, is attributable to depreciation and amortization of property, plant and equipment as well as intangible assets.

The decrease in total liabilities since December 31, 2011, is attributable mainly to a favourable variation of Derivatives’ value and scheduled repayment of long-term debt.

Wind Power Generation Segment

For the three-month period ended March 31, 2012, the wind power generation segment produced 14% less power than the long-term average due to the 42 days period during which Gros-Morne I was halted and lower-than-anticipated wind regime at the L'Anse-à-Valleau, Carleton and Montagne Sèche wind farms, resulting in operating revenues of $12.0 million. Excluding the period during which Gros-Morne I production was halted, the wind power generation segment produced 5% less power than the long-term average. In the corresponding period of 2011, production was below the long-term average by 8% due to lower-than-anticipated wind regimes at all the wind farms, resulting in gross operating revenues of $9.0 million.

Total assets have decreased since December 31, 2011, due to depreciation and amortization of property, plant and equipment as well as intangible assets.

The decrease in total liabilities since December 31, 2011, is attributable mainly to a favourable variation of Derivatives' value and scheduled repayment of long-term debt.

Site Development Segment

The increase in general and administrative expenses and in prospective projects expenses for the three-month period ended March 31, 2012 compared to the same period in 2011 stems from the Development Projects acquired through the Cloudworks Acquisition.

The increase in total assets since December 31, 2011, results mainly from the construction of Stardale and the Kwoiek Creek project.

The increase in total liabilities since December 31, 2011, is attributable mainly to the Development Projects, particularly Stardale and the Kwoiek Creek and Northwest Stave River projects.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. During the reporting period, management made a number of estimates and assumptions pertaining primarily to the fair value calculation of the assets acquired and liabilities assumed in business acquisitions, impairment of assets, useful lives and recoverability of property, plant and equipment and intangible assets, deferred income taxes as well as the fair value of financial assets and liabilities, including derivative financial instruments. These estimates and assumptions are based on current market conditions, management's planned course of action and assumptions about future business and economic conditions. Changes in the underlying assumptions and estimates could have a material impact on the reported amounts. These estimates are reviewed periodically. If adjustments prove necessary, they are recognized in earnings in the period in which they are made. Other significant accounting policies are listed in Note 3 of the Corporation's audited consolidated financial statements for the year ended December 31, 2011.

ACCOUNTING CHANGES

FUTURE CHANGES

IAS 1 – Presentation of Financial Statements

The IASB issued amendments to IAS 1 Presentation of Financial Statements to split items of other comprehensive income between those that are reclassified to earnings and those that do not. The standard is required to be adopted for periods beginning on or after July 1, 2012. The Corporation is not expecting that this standard may have an impact on its results of operations and financial position.

RISKS AND UNCERTAINTIES

The Corporation is exposed to various business risks and uncertainties and, in its 2011 Annual Report, has outlined those that it considers material. Additional risks and uncertainties are discussed in the "Risk Factors" section of the Corporation's Annual Information Form for the year ended December 31, 2011. However, additional risks and uncertainties that are not presently known to the Corporation or that are currently believed to be immaterial may adversely affect the Corporation's business.

ADDITIONAL INFORMATION AND UPDATES

Additional and updated information on the Corporation is available through its regular press releases, quarterly financial statements and Annual Information Form, which can be found on the Corporation's website at www.innergex.com and on the SEDAR website at www.sedar.com. Information contained in or otherwise accessible through our website does not form part of this MD&A and is not incorporated into the MD&A by reference.

QUARTERLY FINANCIAL INFORMATION

	For the three-month periods ended			
(in millions of dollars, unless otherwise stated)	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011
Power generated (MWh)	327,508	403,920	666,009	595,317
Operating revenues	28.8	33.1	50.5	43.8
EBITDA	18.9	21.8	40.1	34.6
Unrealized net gain (loss) on derivative financial instruments	21.0	(19.6)	(40.5)	(10.9)
Net earnings (loss) attributable to owners of the parent	8.9	(13.9)	(26.2)	(6.5)
Net earnings (loss) attributable to owners of the parent ($ per share – basic and diluted)	0.10	(0.18)	(0.34)	(0.09)
Dividends declared on Series A Preferred Shares	1.1	1.1	1.1	1.1
Dividends declared on common shares	11.8	11.8	11.8	11.8
Dividends declared on common shares ($ per share)	0.145	0.145	0.145	0.145

	For the three-month periods ended			
(in millions of dollars, unless otherwise stated)	Mar. 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010
Power generated (MWh)	240,180	343,754	356,262	369,753
Operating revenues	20.8	26.8	25.2	25.4
EBITDA	14.7	18.9	19.7	18.8
Unrealized net gain (loss) on derivative financial instruments	9.5	15.5	(20.1)	(14.1)
Net earnings (loss) attributable to owners of the parent	6.0	14.9	(11.6)	(7.0)
Net earnings (loss) attributable to owners of the parent ($ per share – basic and diluted)	0.08	0.23	(0.20)	(0.12)
Dividends declared on Series A Preferred Shares	1.1	1.4	-	-
Dividends declared on common shares	8.6	8.6	8.6	8.8
Dividends declared on common shares ($ per share)	0.145	0.145	0.145	0.148

Comparing the results for the most recent quarters makes apparent the seasonality that is characteristic of the Corporation's assets, i.e. that power generated, operating revenues and EBITDA vary from quarter to quarter. As the Corporation's total average long-term production is 74% hydroelectric, this seasonality can be explained by water flows that are normally at their highest in the second quarter due to the snow melt season and at their lowest in the first quarter due to the cold temperatures, which limit precipitation in the form of rain. However, premiums for the electricity generated during the coldest months of the year included in some PPAs of the Corporation's hydroelectric facilities attenuate this seasonality. The production of the wind farms also partially compensates for this seasonality experienced by hydroelectric facilities, as wind regimes are generally best in the first quarter of a typical year.

By excluding non-recurring items, readers would expect that the net earnings (loss) attributable to owners of the parent and net earnings (loss) per share attributable to owners of the parent reflect this seasonality characteristic of run-of-river hydroelectric plants and of wind farms. However, other factors also influence these figures, some of which have a relatively stable quarter-to-quarter impact while others are more variable. For the Corporation, the factor that causes the largest fluctuations in net earnings (loss) attributable to owners of the parent and net earnings (loss) per share attributable to owners of the parent is change in the market value of derivative financial instruments. Historical analysis of net earnings (loss) attributable to owners of the parent and net earnings (loss) per share attributable to owners of the parent should therefore take this factor into account. It is important to bear in mind that changes in the market value of derivative financial instruments result from interest rate and inflation rate fluctuations and do not have an impact on the Corporation's EBITDA or finance costs.

INFORMATION FOR INVESTORS

Stock Exchange Listing

Common Shares of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.
Series A Preferred Shares of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.PR.A.
Convertible Debentures of Innergex Renewable Energy Inc. are listed on the TSX under the symbol INE.DB.

Rating Agencies

Innergex Renewable Energy Inc. is rated BBB- by S&P and BBB (low) by DBRS.
Series A Preferred Shares of Innergex Renewable Energy Inc. are rated P-3 by S&P and Pfd-3 (low) by DBRS.

Transfer Agent and Registrar

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1500 University Street, Suite 700, Montreal, Québec, H3A 3S8
Telephone: 1 800 564-6253 or 514 982-7555
Email: service@computershare.com

Auditors

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.

Electronic Delivery

Shareholders may elect to receive Innergex Renewable Energy Inc.'s documents (such as the Quarterly and Annual Reports and the Proxy Circular) in electronic form via the Internet rather than in printed form by mail. Shareholders wishing to use this service should contact Computershare Trust Company of Canada.

Investor Relations

If you have inquiries, please visit our website at www.innergex.com or contact:

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month periods ended	Notes	March 31, 2012	March 31, 2011
Revenues			
Operating		28,757	20,816
Expenses			
Operating		5,724	3,787
General and administrative		3,067	1,998
Prospective projects expenses		1,083	307
Earnings before interest, income taxes, depreciation and amortization and other items		18,883	14,724
Finance costs	5	14,244	6,728
Transaction costs		-	1,111
Gain on contingent considerations		(358)	-
Other net revenues		(243)	(162)
Earnings before income taxes, depreciation and amortization and other items		5,240	7,047
Depreciation		9,693	5,403
Amortization		5,357	3,862
Unrealized net gain on derivative financial instruments		(21,006)	(9,534)
Unrealized net gain on foreign exchange		-	(41)
Earnings before income taxes		11,196	7,357
Provision (recovery) for income taxes			
Current		472	(1,088)
Deferred		2,919	2,715
		3,391	1,627
Net earnings		7,805	5,730
Net earnings (loss) attributable to:			
Owners of the parent		8,923	5,975
Non-controlling interests		(1,118)	(245)
		7,805	5,730
Weighted average number of common shares outstanding (in 000)	6	81,282	59,533
Basic net earnings per share	6	0.10	0.08
Diluted weighted average number of common shares outstanding (in 000)	6	81,433	59,604
Diluted net earnings per share	6	0.10	0.08

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month periods ended	March 31, 2012	March 31, 2011
Net earnings	7,805	5,730
Other items of comprehensive income (loss)		
Foreign exchange loss on translation of a self-sustaining foreign subsidiary (including $9 of income tax recovery, nil income tax expense in 2011)	(62)	(85)
Foreign exchange gain on the designated portion of the US$ denominated debt used as hedge on the investment in a self-sustaining foreign subsidiary (net of $9 of income tax recovery, nil in 2011)	63	85
	1	-
Comprehensive income	7,806	5,730
Total comprehensive income (loss) attributable to:		
Owners of the parent	8,924	5,975
Non-controlling interests	(1,118)	(245)
	7,806	5,730

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(in thousands of Canadian dollars except as noted and amounts per share)

As at	Notes	March 31, 2012	Dec. 31, 2011
Assets			
Current assets			
Cash and cash equivalents		64,521	35,279
Restricted cash and short-term investments		8,698	53,415
Accounts receivable		42,546	36,894
Income tax receivable		1,086	1,664
Derivative financial instruments		1,733	1,791
Prepaid and others		4,379	4,074
		122,963	133,117
Reserve accounts		40,670	42,154
Property, plant and equipment	3	1,285,054	1,259,834
Intangible assets		436,212	441,262
Project development costs		98,794	98,042
Derivative financial instruments		7,870	8,248
Deferred tax assets		10,397	24,485
Goodwill		8,269	8,269
Other long-term assets		3,502	17,998
		2,013,731	2,033,409
Liabilities			
Current liabilities			
Dividends payable to shareholders		12,848	12,848
Accounts payable and accrued liabilities		23,578	26,616
Income tax liabilities		1,399	2,835
Derivative financial instruments		17,196	20,287
Long-term debt	4	21,337	19,475
Contingent considerations		983	983
		77,341	83,044
Construction holdbacks		4,379	2,081
Derivative financial instruments		52,808	71,158
Accrual for acquisition of long-term assets		24,263	41,267
Long-term debt	4	1,065,329	1,030,037
Liability portion of convertible debentures		79,530	79,490
Contingent considerations		2,605	2,904
Asset retirement obligations		3,966	3,858
Deferred tax liabilities		129,325	140,454
		1,439,546	1,454,293
Shareholders' equity			
Common share capital		1	1
Preferred shares		82,589	82,589
Contributed surplus from reduction of capital on common shares		656,281	656,281
Share-based payment		1,473	1,361
Equity portion of convertible debentures		1,340	1,340
Deficit		(281,009)	(277,083)
Accumulated other comprehensive income		229	228
Equity attributable to owners		460,904	464,717
Non-controlling interests		113,281	114,399
Total shareholders' equity		574,185	579,116
		2,013,731	2,033,409

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month period ended March 31, 2012	Number of common shares (In 000's)	Common share capital account	Preferred shares	Contributed surplus from reduction of capital on common shares	Share-based payment	Equity portion of convertible debentures	Deficit	Accumulated other comprehensive income	Equity attributable to owners	Non-controlling interests	Shareholders' equity
Balance January 1, 2012	81,282	1	82,589	656,281	1,361	1,340	(277,083)	228	464,717	114,399	579,116
Net earnings (loss)							8,923		8,923	(1,118)	7,805
Other items of comprehensive income (loss)								1	1		1
Comprehensive income (loss)	-	-	-	-	-	-	8,923	1	8,924	(1,118)	7,806
Share-based payment					112				112		112
Dividends declared on common shares							(11,786)		(11,786)		(11,786)
Dividends declared on preferred shares							(1,063)		(1,063)		(1,063)
Balance March 31, 2012	81,282	1	82,589	656,281	1,473	1,340	(281,009)	229	460,904	113,281	574,185

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month period ended March 31, 2011	Number of common shares (In 000's)	Common share capital account	Preferred shares	Contributed surplus from reduction of capital on common shares	Share-based payment	Equity portion of convertible debentures	Deficit	Accumulated other comprehensive income	Equity attributable to owners	Non-controlling interests	Shareholders' equity
Balance January 1, 2011	59,533	5,720	82,589	453,793	928	1,340	(188,295)	238	356,313	2,588	358,901
Net earnings (loss)							5,975		5,975	(245)	5,730
Other items of comprehensive income (loss)							-	-	-	-	-
Comprehensive income (loss)	-	-	-	-	-	-	5,975	-	5,975	(245)	5,730
Share-based payment					130				130		130
Dividends declared on common shares							(8,632)		(8,632)		(8,632)
Dividends declared on preferred shares							(1,128)		(1,128)		(1,128)
Balance March 31, 2011	59,533	5,720	82,589	453,793	1,058	1,340	(192,080)	238	352,658	2,343	355,001

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month periods ended	Notes	March 31, 2012	March 31, 2011
Operating activities			
Net earnings		7,805	5,730
Items not affecting cash:			
Depreciation of property, plant and equipment		9,693	5,403
Amortization of intangible assets		5,357	3,862
Unrealized net gain on derivative financial instruments		(21,006)	(9,534)
Compensation interest	5	(225)	-
Amortization of financing fees	5	135	53
Amortization of revaluation of long-term debt and convertible debenture	5	409	16
Accretion expense on asset retirement obligations	5	109	(75)
Accretion expenses on contingent considerations	5	58	-
Share-based payment		112	130
Unrealized net gain on foreign exchange		-	(41)
Deferred income taxes provision		2,919	2,715
Effect of exchange rate fluctuations		(90)	(37)
Interest in long-term debt and convertible debentures	5	13,758	6,734
Interest paid		(13,972)	(5,653)
Gain on contingent considerations		(358)	-
Provision for current income taxes (recovery)		472	(1,088)
Net income taxes paid		(1,257)	(58)
		3,919	8,157
Changes in non-cash operating working capital items	8	5,691	4,449
		9,610	12,606
Financing activities			
Dividends paid on common shares		(11,786)	(8,632)
Dividends paid on preferred shares		(1,063)	(1,432)
Increase of long-term debt		55,130	13,000
Repayment of long-term debt		(17,776)	(13,614)
Payment of deferred financing costs		(264)	(51)
		24,241	(10,729)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(in thousands of Canadian dollars except as noted and amounts per share)

For the three-month periods ended	Notes	March 31, 2012	March 31, 2011
Investing activities			
Additions to property, plant and equipment		(49,699)	(6,013)
Additions to intangible assets		(335)	(25)
Additions to project development costs		(695)	(2,150)
Additions to other long-term assets		(47)	(3,746)
Decrease of restricted cash and short-term investments		44,717	-
Net funds withdrawn from the levelization reserve		-	494
Net funds withdrawn from the hydrology/wind power reserve		1,409	977
Net funds withdrawn from the major maintenance reserve		64	103
		(4,586)	(10,360)
Effects of exchange rate changes on cash and cash equivalents		(23)	(19)
Net increase (decrease) in cash and cash equivalents		29,242	(8,502)
Cash and cash equivalents, beginning of period		35,279	42,116
Cash and cash equivalents, end of period		64,521	33,614
Cash and cash equivalents is comprised of:			
Cash		51,826	13,843
Short-term investments		12,695	19,771
		64,521	33,614

Additional information is presented in Note 8.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

DESCRIPTION OF BUSINESS

Innergex Renewable Energy Inc. (the "Corporation") was incorporated under the *Canada Business Corporation Act* on October 25, 2002. The Corporation is a developer, owner and operator of renewable power-generating facilities, essentially focused on the hydroelectric, wind power and solar photovoltaic sectors. The head office of the Corporation is located at 1111, St-Charles Street West, East Tower, Suite 1255, Longueuil, Qc, J4K 5G4, Canada.

These unaudited condensed consolidated financial statements were approved by the Board of Directors on May 14, 2012.

The Corporation's revenues are variable with each season and are normally at their lowest in the first quarter due to cold temperature. As a result, earnings of interim periods should not be considered as indicative of results for an entire year.

These financial statements do not contain all disclosures required by the IFRS for annual financial statements and, accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Corporation's latest annual report.

1. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). The condensed consolidated financial statements are in compliance with IAS-34 Interim Financial Reporting. The same accounting policies and methods of application as described in the Corporation's latest annual report have been used. However, these condensed consolidated financial statements do not include all disclosures requires under IFRS and, accordingly, should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Corporation's latest annual report.

The condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values as described in the significant accounting policies.

2. CHANGES IN ACCOUNTING POLICIES

a) Future accounting changes

IAS 1 - Presentation of Financial Statement

The IASB issued amendments to IAS 1 Presentation of Financial Statements to split items of other comprehensive income between those that are reclassified to earnings and those that do not.

The standard is required to be adopted for periods beginning on or after July 1, 2012. The Corporation is not expecting that this standard may have an impact on its results of operations and financial position.

(in thousands of Canadian dollars except as noted and amounts per share)

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Hydroelectric facilities	Wind Farm facilities	Facilities under construction	Other equipment	Total
Cost						
As at January 1, 2012	1,887	886,163	303,101	161,239	4,650	1,357,040
Additions	-	17	2,643	32,152	180	34,992
Dispositions	-	-	-	-	-	-
Net foreign exchange differences	(2)	(103)	-	-	-	(105)
As at March 31, 2012	1,885	886,077	305,744	193,391	4,830	1,391,927
Accumulated depreciation						
As at January 1, 2012	-	(63,803)	(31,918)	-	(1,485)	(97,206)
Depreciation	-	(5,781)	(3,633)	-	(279)	(9,693)
Dispositions	-	-	-	-	-	-
Net foreign exchange differences	-	26	-	-	-	26
As at March 31, 2012	-	(69,558)	(35,551)	-	(1,764)	(106,873)
Net value as at March 31, 2012	1,885	816,519	270,193	193,391	3,066	1,285,054

All of the property, plant and equipment are given as securities under the respective project financing or for the corporate financing.

Property, plant and equipment includes capitalized financing costs of $4,127 as at March 31, 2012 ($2,795 at December 31, 2011) incurred prior to their intended use or sale.

The financing costs related to a specific project financing are entirely capitalized to the specific property, plant and equipment. Financing costs related to corporate financing are capitalized for the portion of the financing actually used for a specific property, plant and equipment.

The cost of the wind farm facilities under construction were reduced by investment tax credits of $352 ($352 as at December 31, 2011).

(in thousands of Canadian dollars except as noted and amounts per share)

4. LONG-TERM DEBT

(a) Glen Miller

During the quarter, the Corporation repaid entirely the Glen Miller term loan in an amount of $13,500.

5. FINANCE COSTS

For the three-month periods ended	March 31, 2012	March 31, 2011
Interest on long-term debt and on convertible debentures	13,758	6,734
Compensation interest	(225)	-
Amortization of financing fees	135	53
Amortization of revaluation of long-term debt and of convertible debentures	409	16
Accretion expense on asset retirement obligations	109	(75)
Accretion expense on contingent considerations	58	-
	14,244	6,728

6. COMPUTATION OF EARNINGS AVAILABLE TO COMMON SHAREHOLDERS

The net earnings of the Corporation is adjusted for the preferential dividend on the preferred shares as follows:

For the three-month periods ended	March 31, 2012	March 31, 2011
Net earnings attributable to owners of the parent	8,923	5,975
Dividends declared on Series A preferred shares	(1,063)	(1,128)
Net earnings available to common shareholders	7,860	4,847
Weighted average number of common shares (in 000)	81,282	59,533
Basic net earnings per share ($)	0.10	0.08
Weighted average number of common shares (in 000)	81,282	59,533
Effect of dilutive stock options (in 000) (a)	151	71
Diluted weighted average number of common shares (in 000)	81,433	59,604
Diluted net earnings per share ($)	0.10	0.08

(a) During the period, 1,034,000 of 2,677,444 stock options (1,034,000 of 1,842,024 as of March 31, 2011), and 7,558,684 shares potentially issued on conversion of convertible debentures (same as of March 31, 2011) were excluded in the calculation of diluted weighted average number of shares outstanding as the exercise price was above the average market price of common shares during the period.

(in thousands of Canadian dollars except as noted and amounts per share)

7. DIVIDENDS

The following are the dividends paid by the Corporation during the year.

Common shares

Date of announcement	Record date	Payment date	Dividends per share ($)	Shares outstanding (000's)	Total payment
11/09/2011	12/30/2011	01/16/2012	0.1450	81,282	11,786
03/21/2012	03/30/2012	04/16/2012	0.1450	81,282	11,786
			0.2900		23,572

Preferred shares

Date of announcement	Record date	Payment date	Dividends per share ($)	Shares outstanding (000's)	Total payment
11/09/2011	12/30/2011	01/16/2012	0.3125	3,400	1,063
03/21/2012	03/30/2012	04/16/2012	0.3125	3,400	1,063
			0.6250		2,126

8. ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a) Changes in non-cash operating working capital items

For the three-month periods ended	March 31, 2012	March 31, 2011
Accounts receivable	(5,073)	2,794
Prepaid and others	(305)	175
Accounts payable and accrued liabilities	11,069	1,480
	5,691	4,449

b) Additional information

For the three-month periods ended	March 31, 2012	March 31, 2011
Interest paid (including $1,276 capitalized interest ($358 in 2011))	15,248	6,011
Non-cash transactions		
in unpaid property, plant and equipment	(14,707)	(4,456)
in unpaid development costs	58	382
in unpaid intangibles assets	-	171
in unpaid long-term assets	-	(50)
in unpaid financing fees	-	16

9. SEGMENTED INFORMATION

Geographic Segments

The Corporation has 19 hydroelectric facilities, 5 wind farms and one solar farm in Canada and one hydroelectric facility in the United States. For the quarter ended March 31, 2012, operating revenues generated by the Horseshoe Bend hydroelectric facility located in the United States totalled $426, ($362 in 2011), representing a contribution of 1.5%, (1.7% for 2011) to the Corporation's consolidated operating revenues for these periods.

Reportable segments

The Corporation has three reportable segments: (a) hydroelectric generation (b) wind power generation and (c) site development.

Through its hydroelectric generation and wind power generation segments, the Corporation sells electricity produced by its hydroelectric and wind farm facilities to publicly owned utilities. Through its site development segment, it analyses potential sites and develops hydroelectric, wind farms and solar facilities up to the commissioning stage.

The accounting policies for these segments are the same as those described in the significant accounting policies of the Corporation's annual audited consolidated financial statements for the year ended December 31, 2011. The Corporation evaluates performance based on earnings (loss) before interest, income taxes, depreciation and amortization and other items. The Corporation accounts for inter-segment and management sales at cost. Any transfers of assets from the site development segment to the hydroelectric or wind power generation segments are accounted for at cost.

The operations of the Corporation's reportable segments are conducted by different teams, as each segment has different skill requirements.

(in thousands of Canadian dollars except as noted and amounts per share)

9. SEGMENTED INFORMATION (Continued)

For the three-month period ended March 31, 2012

Reportable Segments	Hydroelectric Generation	Wind Power Generation	Site Development	Total
Operating revenues	16,723	12,034	-	28,757
Expenses:				
Operating	3,785	1,939	-	5,724
General and administrative	1,381	796	890	3,067
Prospective projects expenses	-	-	1,083	1,083
Earnings before interest, income taxes, depreciation and amortization and others items	11,557	9,299	(1,973)	18,883
Finance costs				14,244
Gain on contingent considerations				(358)
Other net revenues				(243)
Earnings before income taxes, depreciation and amortization and other items				5,240
Depreciation				9,693
Amortization				5,357
Unrealized net gain on derivative financial instruments				(21,006)
Earnings before income taxes				11,196
As at March 31, 2012				
Goodwill	8,269	-	-	8,269
Total assets	1,255,271	370,018	388,442	2,013,731
Total liabilities	766,090	307,192	366,264	1,439,546
Acquisition of property, plant and equipment	17	2,643	32,332	34,992

(in thousands of Canadian dollars except as noted and amounts per share)

9. SEGMENTED INFORMATION (Continued)

For the three-month period ended March 31, 2011

Reportable Segments	Hydroelectric Generation	Wind Power Generation	Site Development	Total
Operating revenues	11,828	8,988	-	20,816
Expenses:				
Operating	2,381	1,406	-	3,787
General and administrative	846	534	618	1,998
Prospective projects expenses	-	-	307	307
Earnings before interest, income taxes, depreciation and amortization and other items	8,601	7,048	(925)	14,724
Finance costs				6,728
Transaction costs				1,111
Other net revenues				(162)
Earnings before income taxes, depreciation and amortization and other items				7,047
Depreciation				5,403
Amortization				3,862
Unrealized net gain on derivative financial instruments				(9,534)
Unrealized net gain on foreign exchange				(41)
Earnings before income taxes				7,357
As at December 31, 2011				
Goodwill	8,269	-	-	8,269
Total assets	1,307,949	386,343	339,117	2,033,409
Total liabilities	814,435	349,831	290,027	1,454,293
Acquisition of property, plant and equipment	1,305	484	192,396	194,185

10. SUBSEQUENT EVENTS

a) Dividends on Series A preferred Shares

On May 14, 2012, the Corporation declared a dividend of $0.3125 per Series A preferred share payable on July 16, 2012 to Series A preferred shareholders of record at the close of business on June 29, 2012.

b) Dividends on Common Shares

On May 14, 2012, the Corporation declared a dividend of $0.145 per common share payable on July 16, 2012, to common shareholders of record at the close of business on June 29, 2012.